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IN THE MATTER OF INVESTIGATION
INTO U S WEST COMMUNICATIONS,
INC.'S COMPLIANCE WITH CERTAIN
WHOLESALE PRICING REQUIREMENTS
FOR UNBUNDLED NETWORK ELEMENTS
AND RESALE DISCOUNTS.

Docket No. T-00000A-00-0194

**Z-TEL COMMUNICATIONS, INC.'s
PROPOSED ISSUES REGARDING
PHASE III**

In response to the requirement set forth in the Commission's August 21, 2000 Procedural Order in the above-captioned proceeding, Z-Tel Communications, Inc. ("Z-Tel") hereby sets forth its proposed issues for Phase III of the proceeding. Z-Tel submits that the following issues are encompassed by the scope of Phase II, but were not addressed by Qwest Corporation ("Qwest") in its direct testimony in Phase II. Accordingly, it is appropriate to include these issues in Phase III.

Z-Tel Issue 1: **What rate should be used for the unbundled local switching ("ULS") network element?**

Rationale in Brief: The rate for the ULS network element is critical to competitive to providers, especially those such as Z-Tel, which utilize the unbundled network element platform ("UNE-P") to compete with incumbent carriers. The Commission should examine the level of the ULS network element rate in this proceeding, and determine whether it is consistent with TELRIC principles.

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1 **Z-Tel Issue 2:** Should the rate for the unbundled local switching ("ULS")
2 network element be derived from a legacy cost model
3 including usage-sensitive components, or should it be a flat-
4 rated charge based on the forward-looking cost per port of
5 utilizing all functionalities of the local switch?

6 **Rationale in Brief:** Legacy cost models for deriving the cost of local switching
7 cannot properly be utilized to generate costs for the ULS network element for two principal
8 reasons: (i) they were designed for an entirely different purpose, viz., to allocate costs of
9 individual features of a local switch among users of less than all features; and (ii) they place
10 undue emphasis on usage-sensitive components to model the cost. These flaws result in the
11 inflation of the cost of the ULS network element. The cost of the ULS network element
12 should be modeled on an entirely different basis, since it assumes use by the purchaser of
13 ALL switch features. In addition, the usage-sensitive components of the ULS network
14 element cost, if any, are minimal and should not be overemphasized. The correct model
15 would derive costs based on the forward-looking cost of the switch, the port capacity that
16 particular switch supports, and the portion of that capacity leased by a given purchaser of
17 the ULS network element.

18 **Z-Tel Issue 3:** Should the purchase of the ULS network element include
19 access to all existing line class codes ("LCCs") that define
20 basic and customized calling scopes that reside in a local
21 switch?

22 **Rationale in Brief:** The LCCs resident in the incumbent's switch define basic and
23 customized calling scopes (such as extended area service or "EAS") for the subscriber to a
24 given line. As part of the ordering and purchase of the ULS network element, competitive
25 carriers should be allowed to choose between the available pool of LCCs. Access to
26 resident LCCs is necessary to enable competitive carriers to use combinations of UNEs or
27 UNE-P to originate and deliver the full range of call types within a LATA.

28 ...

1 **Z-Tel Issue 4:** **What non-recurring rate, if any, should be charged to a**
2 **competitive carrier for access to LCCs upon ordering of the**
3 **ULS network element?**

4 **Rationale in Brief:** To the extent that the Commission considers that an additional
5 charge is necessary for competitive access to LCCs resident in the incumbent's switch, the
6 Commission should set a permanent, non-recurring rate for such access. Z-Tel submits that
7 it is in any event inappropriate to charge a recurring rate, since it is a one-time transaction.
8 In addition, the transaction is simply sharing existing information in the possession of the
9 incumbent, and requires at most only a minimal effort. Accordingly, any non-recurring fee
10 should be very small. Moreover, Z-Tel submits that any such non-recurring fee should only
11 be applicable in cases in which a competitive carrier requests continuation of a *customized*
12 LCC or the addition of a new, *customized* LCC to the ULS network element for a new
13 unbundled loop.

14 **Z-Tel Issue 5:** **Should competitive carriers be enabled to originate and**
15 **deliver all types of calls, including local, EAS and**
16 **intraLATA toll calls, within a LATA employing UNE**
 combinations or UNE-P without delivering the calls to an
 interexchange carrier ("IXC")?

17 **Rationale in Brief:** The Commission should clarify that competitive carriers can
18 utilize UNE combinations and UNE-P to originate and deliver any type of call within a
19 LATA, including intraLATA toll calls, in the same fashion as the incumbent carrier, *viz.*, by
20 routing such calls utilizing the incumbent's interoffice network. If competitive carriers are
21 forced to deliver UNE-P generated intraLATA toll traffic to an IXC (causing the IXC to
22 incur intrastate terminating access charges), this artificially inflates the cost of handling this
23 type of traffic for competitive carriers, and yields a significant, and undue, competitive
24 advantage to the incumbent local carrier. Z-Tel notes that Qwest originates and delivers
25 intraLATA toll calls in Arizona using its interoffice network, and does not hand off those
26 calls to an IXC.

1 **Z-Tel Issue 6:** What rates should be used for signaling and call-related
2 database items, including Advanced Intelligent Network
3 ("AIN") items?

4 **Rationale in Brief:** The Commission should establish permanent, cost-based rates
5 associated with SS7 queries and responses, AIN service management system ("SMS")
6 access and AIN Toolkit services (including required access to central office switch triggers).
7 Allowing competitors such as Z-Tel to access AIN components and call-related databases
8 promotes innovation and allows competitors to utilize all of the features and functions of the
9 central office switch in conjunction with call-related databases, as required by the
10 Telecommunications Act of 1996.

11
12 November 28, 2000.

13 **Z-TEL COMMUNICATIONS, INC.**

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